

Building Partnerships: Workforce and Economic Development

Heartland Professional Development Symposium

US DOL-ETA Region 5

St. Louis

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Message from Federal Leaders US Dept of Labor

- "The public workforce system must be an aggressive partner with business, labor, education and communities."
- "There are so many prospects for additional linkages, coordination, and better provision of services, that it is incumbent upon all of us to grasp these opportunities and provide world-class service to our customers."
- "The tasks ahead of us are enormous, but we have learned that working together to solve common problems can be powerful. Cooperation is essential."

Emily Stover DeRocco, Assistant Secretary of Labor, Speech to the Texas Workforce Commission, Dallas, TX Sept 5, 2002

Message from Federal Leaders US Dept of Commerce

"The Bush Administration is committed to developing closer linkages between economic and workforce development."

David Sampson, Assistant Secretary of Commerce for Economic Development, Remarks at the NAWB conference, Washington, DC, March 4, 2003

Building Partnerships: Workforce and Economic Development

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Course Agenda

- Module 1: The World of Economic Development
- Module 2: Identifying Wins for Workforce and Economic Development Partners
- Module 3: From Knowledge to Action: Plans, Processes and Strategies for Success
- Action Planning and Wrap-up

Pre-Assessment

- Environmental Scan
- Governance
- Geographic Focus
- Research and Development
- Planning
- Service Delivery Strategy
- Evaluation
- Extra Credit

Pre-Assessment: Governance

How much interaction is there at a policy-making and priority-setting level?

- Pro-forma participation by economic development representative on the Board (WIB) as required by WIA
- Economic development representative serves on our WIB and our WIB representative serves on their advisory board
- We each chair a committee for the other group
- Policies and priorities are jointly determined by workforce and economic development leadership, and funding is aligned

Pre-Assessment: R&D

To what extent do you determine workforce and economic development plans and priorities based on available data?

- Heads: focus on manufacturing; Tails: focus on health care
- We conduct no original research, but we're aware of and use public labor market information and census data
- Economic and workforce development authorities each conduct our own surveys of employers to assess needs and develop priorities as a supplement to public LMI data
- Economic and workforce development authorities jointly develop research agendas, fund studies, review results and develop strategies and initiatives based on findings

Pre-Assessment: Evaluation

How do you know if what you're doing is effective?

- Manage by the WIA performance measures alone, but have low confidence in the data
- We use WIA measures and look at some economic development performance metrics
- We each have our own performance measures, but we are talking about how we can each contribute to making all of us successful
- Have developed and implemented joint measures on community impact and well being

Module 1 Agenda

- Definition of Economic Development
- Economic Development Organizations and Their Contributions
- Federal, State and Local Support for Economic Development
- Defining Success in Economic Development
- Customers, Trends and Strategies

Economic Development

- WHAT: A Process, not an event
 - “Local economic development is the process by which localities enhance the quality of life of their residents and the local tax base by creating new community and business wealth through the creation, expansion, and retention of jobs.”
International Economic Development Council
 - “Finding, sustaining, and capitalizing upon locational advantage to create wealth and minimize poverty.”
Graham Toft, Hudson Institute
 - “The goal of all economic development programs should be to promote a rising standard of living for all citizens, and move regional economies to a more diversified, stable economic base.
David Sampson, Assistant Secretary for Economic Development, U.S. Department of Commerce

Economic Development Definitions

- HOW (Examples):
 - Help regional economies grow, diversify, remain stable
 - Capitalize on location
 - Strengthen innovation, entrepreneurship, competitiveness
 - Minimize poverty, maximize opportunities
 - Make productive use of community or firm assets
 - Enhance infrastructure to support growth
 - Facilitate corporate investments
 - Broaden tax base to support local government.

Core Activities

- Three-legged stool:
 - Business attraction and recruitment
 - Business retention and expansion
 - Business creation and start-up

Site Location Factors

#1-Availability of skilled
labor

#2-Labor costs

#3-Tax exemptions

#4-State/local incentives

#5-Highway accessibility

#7-Proximity to major
markets

#16-Close to suppliers

#20-Availability of
unskilled labor

#22-Training programs

#23-Proximity to technical
university

Source: Area Development Corporate Survey, Dec. 2002

Classic Tensions in Economic Development

- Equity vs. Efficiency
- People vs. place

Local Economic Development: The Basics

- No single model effort, strategy process, or set of programs for achieving local economic development
- Communities differ widely in their:
 - geographic attributes; social organization; economic resources, structures and performance; and capacity of political institutions.
- Responding to unique set of challenges for economic development in each community.

Who Does Local Economic Development (LED)?

- LED organizations are often “generalists” or “brokers”
- LED is result of the collective efforts of the public, private and community sectors
- Local governments (elected officials and government staff) are major players -- investors
- Models involve partnerships
 - Public-private nonprofits
 - Public-community based organizations
 - Intergovernmental (local/state or multi-jurisdictional)

Specialized Econ. Dev. Entities

- Potential Partners and Potential Competitors
- Examples include...
 - Small business development centers
 - Regional planning councils
 - Manufacturing extension centers
 - Small business investment corporations
 - Community-based organizations
 - Many more..... (CAN YOU NAME OTHERS?)



"Organizing" Economic Development

Federal Support for Economic Development

- No single federal authorizing statute governing economic development.
- “Economic development” applies to several agencies including SBA, DOC agencies (EDA, National Institute of Standards and Technology), portions of HUD/CDBG, USDA’s Rural Development programs, and many other programs.

Defining Success in Economic Development

- Practitioners
 - Jobs created and retained
 - Public investments made
 - Private investments leveraged
 - Tax revenues

Source: National Association of State Development Agencies,
Evaluating Business Development Incentives, 1999

Observations on Metrics

- Economic development organizations:
 - Use rather traditional metrics, in general
 - Use metrics in scattered, uneven fashion across jurisdictions
 - Face increasing pressure to become more sophisticated because of tight budgets
- Trend towards metrics that:
 - Go beyond individual program outcomes
 - Go beyond day-to-day operations and program management
 - Move toward assessing bigger picture impact on the community and economy

Economic Development Trends

- Economic Development “Customers”
 - Firms
 - Workers
 - Communities
- Economic Development Service Providers

Firms: Trends

- Faster, better, cheaper
 - Globalization of markets and supply chains
 - Increased demand for quality from markets and suppliers
 - Demand for continuous cost reductions
- Demand for increasingly complex products and services, real time delivery to customers
- Organizational change within companies
 - Pressure to reduce costs and vertical integration (e.g., through subcontracting, strategic alliances)
 - Pressure to implement capital-intensive (high skill) production strategies (e.g., investment in more modern equipment and facilities)
 - Greater demand for service as product differentiator
 - Increasing reliance on capable workers
 - Increasingly flexible production process

Firms: Economic Development Strategies Examples

- Cincinnati chamber's work to help identify how well local companies are adopting information and other advanced technologies in their workplace (www.cincytechusa.com, "Keeping Pace")
- Cook County's international trade office working to promote strategic partnerships with European companies (<http://www.chicago-cook.org/it.html>)
- California Manufacturing Technology Consulting's efforts to help businesses to modernize equipment, production processes, and workers' skills (<http://www.cmtc.com>)
- North Carolina's small business and technology development centers are working with firms to ensure that they are using state-of-the-art information technology (<http://www.sbtcd.org>)

Workers: Trends

- “Smarting up” of jobs
 - Need for broader array of skills
 - Need for continuous learning of technical skills
- Increased need for basic skills and strong work ethic
 - 3 Rs (strong academics)
 - Motivation and responsibility, less hierarchy
 - Self-esteem and confidence
- Increasingly flexible workplace
 - Adaptability and eagerness to learn
 - Teamwork and creativity in problem solving
 - Less commitment to “employer for life”

Workers: Economic Development Strategies

- Colorado FIRST customized training program managed by the CO Dept of Economic Development and the state's community college system ([http://www.ccdtraining.org/Colorado First.htm](http://www.ccdtraining.org/Colorado%20First.htm))
- More flexible federal funds (WIA) with employer as explicit customer (<http://www.bostonpic.org/employer/healthcare.htm>)
- Iowa's efforts to attract skilled immigrants to the state ([http://www.iowasmart.com/service/workforce/new iowans.html](http://www.iowasmart.com/service/workforce/new_iowans.html))
- Maine Development Foundation's "Measures of Growth" benchmarking initiative aimed at monitoring quality of life assets (<http://mdf.org/megc/home.html>)

Communities: Trends

- Balancing interests of efficient economic growth and equitable distribution of economic opportunity
- Climate of fiscal crisis
- More private sector responsibility for economic development
- Increased competition for public sector resources
- Greater demand for accountability
- Increased grassroots participation, investment in community-based efforts
- Increased experimentation in new strategies
- Push toward regional cooperation

Communities: Economic Development Strategies

- Iowa's rural internet initiative to foster expanded usage among rural residents (<http://www.iowarural.org/telecomm.html>)
- Sullivan County NY rural economic area partnership ZONE (<http://www.ezec.gov/Communit/nyreap.html>)
- Texas law requiring a fiscal impact study demonstrates positive benefits before using state or local incentives (http://www.oag.state.tx.us/AG_Publications/pdfs/2002hb1200i&ii.pdf)
- Nevada blueprint for rural prosperity (<http://www.sbcouncil.org/publications.asp>)
- Minnesota "subsidy reform" laws that require businesses to report job creation as a condition of receiving an incentive (<http://www.goodjobsfirst.org/pdf/mngjf.pdf>)

Changing Customers/Changing Strategies

- Scale
 - Critical mass of activity to support “higher order” services and infrastructure assets
- Knowledge Institutions = High quality labor force
 - Technical skills & educational opportunities
 - Access to broad-band telecom and air transportation
- Amenities
 - Demographic diversity, business infrastructure, cultural institutions
 - Proximity to urban/metro assets
 - Access to water, mountains, parks, wooded terrain
- Innovation
 - Climate that tolerates and embraces risk-taking
 - Capital to invest in risk-taking activities

Economic Development

“System” Perspective

- Independent funding streams & requirements
- Decentralized and chaotic;
competitive/collaborative
- Tensions from mission creep & uncertainties
about policy roles and conflicting missions
- Voluntary cooperation due to enlightened self
interest
- Complexity of system resulted in economic
developers becoming “policy entrepreneurs”

What do economic developers bring?

- Relationships with business community
- Market knowledge about industry trends, employer needs & business challenges
- Creativity in finding resources to make deals happen
- Network of field staff with business experience and established relationships with employers
- Image creators skilled in packaging and selling available opportunities

Module 2

Identifying Wins for Economic and Workforce Development Partners

Module 2 Agenda

- What is Workforce Development?
- A Historical Context
- WIA and Economic Development
- Similarities and Differences between workforce and economic development
- Mutually Beneficial Activities

Workforce Development Definitions

- What?

- “An effort to provide individuals with the occupational preparation necessary for employment, including technical, basic, and academic competencies.”

Norton Grubb. National Center for Research in
Vocational Education

- “The education, employment, and job training efforts designed to help employers get a skilled workforce and individuals to succeed in the workplace.”

National Governors’ Association

- “Strengthening the localized talent pool of workers to match private investments in technology, capital, and product improvement.”

Graham Toft, Hudson Institute



"Organizing" Workforce Development

Workforce Development: Federal Funding (FY 2004)

- US Dept of Labor/ETA
 - Workforce Investment Act total \$5 billion
 - Employment Service/One Stops \$969 million
 - Older Americans \$439 million
 - Trade Adjustment Assistance/NAFTA training \$259 m
- US Dept of Education
 - Vocational and Technical Education \$1.3 billion
 - Adult Education and Literacy \$590 million
 - Pell Grants \$12 billion (\$6.4 b for technical education)
- US Dept of Health and Human Services
 - TANF Welfare Reform (training component) \$1 billion

Workforce Investment Act: Key Components

- Infrastructure building
 - WIBs and One Stop Centers
- Delivery of Services to Clients
 - Job seekers
 - Business services
- Relationship building
 - For connecting, coaching, convening, brokering
 - Making the WIB “an institution that matters”

Workforce Investment Act: Key Elements

- Supports “business-led” WIB
- Promotes influencing demand side of labor market and engaging employers meaningfully
- Provides flexibility for working with existing firms and current workers
- Authorizes WIBs a strategic role in the regional economy
- Provides funds through adult, dislocated worker, youth funding streams

State/Local WIB Membership/Role

- State
 - Governor may include state economic development agency official on State WIB
 - Role in policy making (state plan, performance measures, linkages and coordination of services, etc.)
- Local WIB
 - Include representatives of economic development agencies, including private sector economic development entities;
 - Coordinate workforce investment activities with economic development strategies and develop other employer linkages;
 - Promote employer participation through connecting, brokering, and coaching, in collaboration with employers and intermediaries.

Role in Economic Transitions

- Anticipate trends in regional economy, labor force
- Provide layoff aversion strategies, including access to broad range of services
- Exchange information about at-risk companies/industries, potential dislocations
- Conduct early interventions, pre-feasibility studies
- Deliver rapid response when layoffs occur

References and Cautions

- Specific Citations in the WIA Statute and Regulations
 - Roles of State and Local WIBs
 - Relationship to Economic Development opportunities
- Prohibitions on the Use of WIA Funds
 - Construction
 - Employment generating activities
 - Business relocation
 - Worker displacement

What WIBs Do

Communities with competitive workforce advantage have:

- Forward thinking community leaders
- Business investment in human capital
- Strong and diverse economy
- Integrated infrastructure
- Effective, articulated education system
- Defined/accessible career pathways
- Ready, willing, able workforce

Comparison: Philosophy/Language

Economic Developers

- Company-focused (firms and industries)
- Business background
- Tax policy, Financing, Real estate development
- “Return on investment,” “location quotients”

Workforce Developers

- Individual-focused (occupations and skills)
- Social service background
- Counseling, supportive services
- “Eligibility,” “self sufficiency standards,” “terminations”

Defining Success/ Performance Metrics

- Economic Development
 - Jobs created and retained
 - Public investments made
 - Private investments leveraged
 - Tax revenues
- Workforce Development
 - Placement
 - Retention after six months
 - Earnings after six months
 - Skill attainment/Credentials
 - Customer Satisfaction

What similarities do you see between Workforce and Economic Development?

- Broad fields of work/study
- Tension between equity/efficiency considerations
- Fragmentation
- Federal-state-local partnership
- Adaptable to local circumstances
- Employer as a customer
- Community well-being goal

What differences do you see between Workforce and Economic Development?

- Authorizing Federal statute(s)/Funding streams
- Metrics for success
- Historically different focus (job seekers vs. firms, “blue-collar” vs. “white collar”)
- Short-term vs. long term focus
- Single workforce presence, multiple economic development organizations
- Culture/Language

What do workforce developers bring?

- Resources/Information
- Alliances
- Flexible, reliable funding
- Expertise about local labor pool, labor market trends, training practices

Perceptions vs. Reality

- Old brand (JTPA) vs. new brand (WIA)
 - Universal access
 - WIB private sector representation
 - Funding availability and use
 - Incumbent worker training
 - Target populations
 - Employers as customers
- Methods of engagement

Different Verbs, Different Opportunities

- Level One: Governance:
Organizational restructuring (integrate, merge)
- Level Two: Strategic:
Aligning mission, functions, resources (align, coordinate)
- Level Three: Tactical:
Targeted initiatives to achieve specific objectives
(collaborate, partner, link)

Mutually Beneficial Activities

- Questions to discern appropriate relationship:
 - What are you trying to accomplish?
 - What do you know about local economic and workforce development organizations already?
 - What are the strengths and weaknesses/capabilities of potential local partners?
 - What strategies fit this existing context?

Mutually Beneficial Activities

- Collaboration on planning
 - WIB as convenor, catalyst
 - Align planning activities and use of resources to advance common goals (“Plan in a brochure”)
 - Include multiple jurisdictions, regional focus
 - Rationalize use of resources, avoid duplication of services
 - Create public awareness, sense of urgency
 - Define measures of regional “economic health”

Mutually Beneficial Activities

- Collaboration regarding market segmentation
 - Convene key organizations to identify market targets
 - Establish channels for sharing data and information among staff
 - Package and distribute labor market information in manner accessible to employers and community
 - Organize supply of workers so accessible to employers

Mutually Beneficial Activities

- Collaboration on service delivery
 - Develop single regional website to promote region (North Central Indiana)
 - Include WIB in discussions about business attraction strategies and activities
 - Host economic development board meetings at One Stop
 - Cross train staff re: services, work process, etc.
 - Coordinate or make joint field visits to employers
 - Include economic development organizations in rapid response
 - Make referrals of companies for services
 - Identify and promote jointly the top 50 critical occupations for the region and use as vehicle to raise awareness about regional economy, links to education providers (North Central Indiana)

A Framework for Thinking About Economic and Workforce Development Relationships

| | At traction | Re tention | Busin ess Forma tion |
|--|-------------|------------|-------------------------|
| Level One: Governance: Organizational restructuring | | | |
| Level Two: Strategic: Alignment of mission, functions, resources | | | |
| Level Three: Tactics: Targeted initiatives to achieve specific objectives | | | |

Module 3

From Knowledge to Action:
Plans, Processes, and Strategies
For Success

Learning Objective

Participants will develop familiarity with processes and models for using knowledge about workforce and economic development to broaden the scope and effectiveness of daily operations and strategies.

Module 3 Agenda

- Planning
- Data
- Market Segmentation
- Business Services Strategies
- Review and Wrap-Up

A Model that Works Everywhere, Satisfies Everyone, and Guarantees Success

-
- It doesn't exist
- What are you trying to accomplish?
- Integrate, align, link/partner/collaborate
- Depends on local players, local context, local circumstances, local politics, local relationships...
- Economic development “circles” -- “who does what” can determine the SWOT and approach

Planning: The First Step in Working Together

- Why Focus on Planning?
- Modules 1 and 2 enhance mutual understanding
- How do you decide what to do together?
- Planning is the next step in the process
- Planning Requirements vs. Planning Opportunities

WIA Planning Requirements

- State plans must provide info on:
 - Current and projected employment opportunities, by occupation; the job skills necessary to obtain such employment opportunities; the skills and economic development needs of the State; and the type/availability of workforce investment activities in the State;
 - Leveraging other funds
 - Description of employment and training, and rapid response activities, to be carried out with the funds
- Locals must:
 - Submit plans to Governor
 - Identify employer and job seeker needs and opportunities
 - Describe One Stops, performance metrics, adult/dislocated worker activities, and coordination with rapid response activities

Economic Development Planning Requirements

- No single federal authorizing statute, so no uniform planning requirements
- Decentralized--state and local funders of economic development set requirements
 - e.g., Communities receiving federal EDA funds must prepare CEDS plan
- Fragmented

Planning Tools

Workforce Development

- Local WIA Plan
- Community Audits
- State of the Workforce Assessment
- Strategic Plan

Economic Development

- Community Profile
- Data Guidelines
- Comprehensive Economic Development Strategies
- Comprehensive Master Plan

Community Audit

- Designed to support strategic planning for economic and workforce development through structured research
- Brings together supply- and demand-side info on economic and labor market trends to support strategic planning and WIA program operations
- Varies in scope and emphasis depending on needs of community and previous research undertaken

State of the Workforce Assessment

- Clear picture of a region's workforce conditions, opportunities, challenges
- Comprehensive look at “what is”
- Aggregation of secondary data that can be supplemented by original research
- Descriptive, not proscriptive
- Can update regularly to gauge progress

Source: Corporation for a Skilled Workforce

Handout: South Central Michigan State of the Workforce Report

- Call to Action
- Goals and Priorities
- New Performance Metrics
- Regional Trends
- Data Sources

“New Economy” Indices

- Increasing prominence
- Think beyond administering single categorical program
- Move from program impact to broader community impact
- Point to mutually beneficial activities
 - Corporation for Enterprise Development (state)
 - Progressive Policy Institute (state and metro)
 - Milken Institute (state and metro)
- How can WIBs impact broader outcome measures?

“World Class” Regional Economic Goals with a workforce dimension

- Productivity raise value added per worker
- Innovation product/process improvements
 commercialisation of knowledge
- Employment participation rates
- Unemployment sustained reductions
- Investment attraction, retention, expansion,
 and institutional; talent
- Enterprise business formation
- Regeneration improve local incomes
- Skills average levels, demand
 responsiveness, range

Source: Greg Clark, OECD LEED Forum of Cities and Regions

Data Resources

- Publicly available data (e.g., Bureau of Labor Statistics, Bureau of Economic Analysis, Bureau of Census, Small Business Administration, State LMI)
- Original research (focus groups, surveys, censuses)
- Local economic development organizations are a wealth of original data
 - Industry-specific studies, market opportunities
 - Attraction and retention data

Labor Market Information

- Provide data (under federal/state contracts)
 - Labor force, employment, and wages
 - Detail by industry and occupation
 - Many offer Census data as well as labor data
- Expanding into analysis (illustrations)
 - Labor supply and cost studies
 - Vacancy and benefits surveys
 - Industry and cluster studies

Data Presentation

- Package data so that it is accessible and usable by targeted audiences
- Use data to your advantage, to underscore opportunities, to help achieve objectives
- Think about additional ways to apply findings from data (staff development, changes in services, etc.)

Case Study: San Diego

- Conducted sector specific research in nine industries
- Examined original and public data
- Informed strategies and partnerships and plans
- Used as a marketing resource with new employer clients
- Influenced operations in One Stops

Aligning Workforce and Economic Development Plans

- Reconciling what's required vs. the “big picture”
- Reconciling different geography, political jurisdictions, metrics
- Reconciling short-term vs. long term perspective
- Sharing data on employer needs and opportunities
- Identifying common goals, activities
- Using available resources efficiently

Case Study: Planning in Bridgeport, CT

- “The Workplace”:
 - Conduct inclusive annual planning effort
 - Builds community consensus
 - Connects planning and action
 - Makes impact on own organization PLUS other organizations PLUS community agenda as well
- “Plan in a brochure”-www.future-forward.net
or www.edlancaster.com/lancasterprosper

Why Segment? Why Target?

- Myth of the monolithic employer
- Is every employer customer a good customer? Good vs. “better” employers
- What kinds of employers do you WANT to serve? And with what services?
- Limited resources, making choices

Cluster and Industry Sector Strategies

- Used increasingly by WIBs and other intermediaries
- Organize by similar characteristics (geography or industry, expressed needs)
- Understand industry trends and issues
- Identify and address needs in common
- Bring workforce resources and expertise

Services for different stages in the life cycle of a company

- Start-up companies
- Emerging businesses
- Rapid growth companies
- Mature/established/stable companies
- At risk/crisis mode companies
- Layoffs/plant closing firms

Case Study:

Market Segmentation

- Worksource (Jacksonville, FL)
 - Strong business focus
 - Aligned with economic development entities
 - Regional approach
 - Market segmentation
 - Handout

Business Services Strategies

- “Standard” WIA services typically include:
 - WIA services to individuals/employers at front end (i.e., hiring) and back end (i.e., layoff) of employee life cycle
 - Assistance with recruiting, interviewing, assessment, screening, placement
 - Some additional services to enhance retention (orientation, skills upgrading)
 - Transition assistance if layoff occurs

Other Needs of Employers

- Process modernization, equipment upgrades
- Conversion to new products/id new markets
- Operations and cost reviews
- Financial restructuring
- Good management practices
- Good labor-management relations if unionized
- Work-Sharing



Organizing Economic Development

A Broader Array of Business Services

- Initiatives or activities to enhance the competitive position of the company, assist in staying healthy
- Think beyond providing job matching services or training to employers
- Can occur at different phases in the life cycle of a company--don't have to wait for crisis
- Even when in crisis, firm may shut down or layoff for variety of reasons that don't mean it is not economically viable still

Service Delivery Approach

- No single local WIB--or any organization--can provide this broad range of business services alone
- Partner with economic development organizations, CBOs with economic development mission, to bring value
- Whole is greater than sum of parts

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